

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 11, 2015

Company name: Daio Paper Corporation
 Stock exchange listing: Tokyo
 Stock code: 3880 URL <http://www.daio-paper.co.jp>
 Representative: President and Chief Executive Officer Masayoshi Sako
 Inquiries: General Manager Accounting Department Masashi Yano TEL 03-6856-7513
 Scheduled date to file Quarterly Securities Report: November 11, 2015
 Scheduled date to commence dividend payments: December 4, 2015
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	229,986	7.4	10,031	(5.6)	8,842	8.3	4,203	(16.6)
Six months ended September 30, 2014	214,183	4.9	10,629	101.4	8,164	178.9	5,037	481.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	28.84	28.53
Six months ended September 30, 2014	36.81	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	670,719	168,865	23.6
As of March 31, 2015	652,745	164,495	23.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	—	4.00	—	4.50	8.50
Year ending March 31, 2016	—	4.00			
Year ending March 31, 2016 (Forecast)			—	4.50	8.50

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	470,000	4.4	23,000	5.5	20,000	(8.2)	10,000	(24.3)	68.62

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2015	149,348,785 shares	As of March 31, 2015	149,348,785 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	3,618,046 shares	As of March 31, 2015	3,609,036 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	145,733,999 shares	Six months ended September 30, 2014	136,862,318 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	82,558	94,370
Notes and accounts receivable - trade	91,209	88,403
Inventories	66,059	71,388
Other	12,671	11,498
Allowance for doubtful accounts	(7)	(2)
Total current assets	252,490	265,657
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	63,666	62,914
Machinery, equipment and vehicles, net	131,388	131,252
Land	75,513	75,345
Other, net	16,924	21,151
Total property, plant and equipment	287,491	290,662
Intangible assets		
Goodwill	59,000	56,773
Other	3,676	3,591
Total intangible assets	62,676	60,364
Investments and other assets	49,948	53,802
Total non-current assets	400,115	404,828
Deferred assets	140	234
Total assets	652,745	670,719

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	48,201	48,758
Short-term loans payable	37,360	32,260
Current portion of long-term loans payable	96,364	88,013
Income taxes payable	1,320	2,084
Provision	4,422	4,524
Other	50,029	59,402
Total current liabilities	237,696	235,041
Non-current liabilities		
Bonds payable	10,320	310
Convertible bond-type bonds with subscription rights to shares	—	30,150
Long-term loans payable	207,550	202,148
Long-term accounts payable - facilities	4,865	4,693
Net defined benefit liability	18,125	18,579
Provision for directors' retirement benefits	367	270
Provision for environmental measures	5	3
Provision for loss on business of subsidiaries and associates	243	257
Other	9,079	10,403
Total non-current liabilities	250,554	266,813
Total liabilities	488,250	501,854
Net assets		
Shareholders' equity		
Capital stock	39,707	39,707
Capital surplus	39,586	39,586
Retained earnings	70,412	73,961
Treasury shares	(2,896)	(2,907)
Total shareholders' equity	146,809	150,347
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,603	10,866
Foreign currency translation adjustment	(1,867)	(1,775)
Remeasurements of defined benefit plans	(1,093)	(885)
Total accumulated other comprehensive income	7,643	8,206
Non-controlling interests	10,043	10,312
Total net assets	164,495	168,865
Total liabilities and net assets	652,745	670,719

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	214,183	229,986
Cost of sales	163,624	176,039
Gross profit	50,559	53,947
Selling, general and administrative expenses	39,930	43,916
Operating income	10,629	10,031
Non-operating income		
Interest income	112	67
Dividend income	341	515
Insurance income	—	382
Other	1,262	1,184
Total non-operating income	1,715	2,148
Non-operating expenses		
Interest expenses	3,030	2,458
Other	1,150	879
Total non-operating expenses	4,180	3,337
Ordinary income	8,164	8,842
Extraordinary income		
Gain on sales of non-current assets	263	62
Insurance income	26	26
Other	60	—
Total extraordinary income	349	88
Extraordinary losses		
Loss on sales and retirement of non-current assets	552	397
Loss on valuation of investment securities	16	1
Impairment loss	201	19
Loss on disaster	28	44
Retirement benefit expenses	—	289
Other	15	4
Total extraordinary losses	812	754
Income before income taxes and minority interests	7,701	8,176
Income taxes - current	1,216	1,959
Income taxes - deferred	1,270	1,793
Total income taxes	2,486	3,752
Profit	5,215	4,424
Profit attributable to non-controlling interests	178	221
Profit attributable to owners of parent	5,037	4,203

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	5,215	4,424
Other comprehensive income		
Valuation difference on available-for-sale securities	742	195
Foreign currency translation adjustment	196	112
Remeasurements of defined benefit plans, net of tax	209	208
Total other comprehensive income	1,147	515
Comprehensive income	6,362	4,939
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,203	4,767
Comprehensive income attributable to non-controlling interests	159	172